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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, DECEMBER 15, 2000

APPLICATION OF	CASE NOS.	PUC960134
		PUC970071
VERIZON SOUTH INC.		PUC970072
		PUC980098
Annual Informational Filings		PUC990121
		PUC000192
		PUC000266

ORDER APPROVING JOINT AGREEMENT AND REQUIRING REFUND

On October 12, 2000, Verizon South Inc. ("Verizon South" or "Company") f/k/a GTE South Incorporated, together with the Staff of the State Corporation Commission ("Commission"), the Office of the Attorney General's Division of Consumer Counsel, and AT&T Communications of Virginia, Inc., filed a Motion to Approve Joint Agreement ("Motion") and a Joint Agreement executed by those entities.

By the Joint Agreement, a comprehensive settlement was submitted of Verizon South's outstanding annual informational filing cases for the calendar years 1995-1999, as well as the filing that would be made next year covering the Company's operations during calendar year 2000. The Joint Agreement contains Verizon South's agreement to make refunds to customers receiving service from the Company during those years through application of the provisions of Verizon South's Alternative Regulatory Plan. As proposed, customers would receive an

aggregate refund of \$200 million, inclusive of interest. The parties propose that refunds will be provided for the years 1995-2000 for customers in the former Contel service area and for the years 1998-2000 for customers in the former GTE Southwest service area. The Commission has previously determined that the Company's earnings in the GTE Southwest area for the years 1995-97 were within its range of authorized earnings and, consequently, no refund obligation accrued to those customers in those years.

Pursuant to the Commission's Order of Notice and Comment, issued October 18, 2000, herein, comments have been filed by Advanced TelCom Group of Virginia, Inc. ("Advanced TelCom"). These comments generally recommend that the proposed refund should be made in a competitively neutral fashion, with an insert accompanying each refund to explain that the refund was previously earned and is not contingent upon the recipient remaining a customer of Verizon South.

The Commission's Staff has been informed that Verizon South intends to execute a one-time refund by check to all customers owed a refund under the Joint Agreement. Therefore, the concern raised by Advanced TelCom regarding any billing credits is minimized.

The Commission is particularly concerned that this sizeable refund reach the intended eligible customers and former

customers by all reasonable means. Therefore, the Commission makes the following suggestions for administering the refund to reduce any unclaimed amounts:

- In order to help find the last known address of former customers owed a refund, Verizon South should explore whether it can readily check the billing records of its affiliate, Verizon Virginia Inc., to locate any former customers of Verizon South who now may be served by Verizon Virginia Inc.
- Consider instituting a separate toll-free number to process claim inquiries by former customers.
- Issue a state-wide press release to alert former Verizon South customers on what qualifies them for a refund and how to claim it.

Verizon South may consult with the Staff on any of these measures and others that may assure effective delivery of refunds to both existing and former customers. We expect Verizon South to be fully prepared to handle all customer inquiries on these refunds. Following the one-time refund, Verizon South shall file with the Clerk of this Commission an original and fifteen (15) copies of a report of the ordered disposition of all refunds made and/or returned. The report should explain in detail all measures with supporting documentation taken to ensure that refunds were lawfully made pursuant to this Order. The consolidated proceedings shall

remain open to review the report of the refund and make such further orders as are appropriate.

Accordingly, IT IS ORDERED THAT:

(1) The Joint Agreement for refund and settlement of Verizon South's outstanding annual informational filing cases for the calendar years 1995-1999, as well as the filing that would have been made in 2001 for calendar year 2000, is hereby adopted and approved.

(2) Verizon South shall refund to its customers its excessive earnings and interest in accordance with the Joint Agreement adopted and approved hereinabove.

(3) All refunds to customers shall be made no later than ninety (90) days from the date of this Order.

(4) Refunds shall be distributed to customers based upon each customer's billed revenue in proportion to the total jurisdictional revenue for the customer's class, for the year of overearnings, with respect to Basic and Discretionary Services.

(5) The refunds ordered shall be accomplished by check sent to each customer at his or her last known address, giving due regard to the measures discussed above for locating former customers. Verizon South need not mail checks for refunds less than \$1 to former customers; however, Verizon South shall prepare and maintain a list of the former accounts which are due refunds of less than \$1, and if such former customers contact

Verizon South and request their refunds, those refunds shall be made promptly. For customers who have outstanding balances, Verizon South may use such balances to offset the refund to the extent such balances are undisputed. To the extent that an outstanding balance of such a customer is disputed, no offset shall be permitted.

(6) On or before April 30, 2001, Verizon South shall file with the Clerk of the Commission an original and fifteen (15) copies of its report and associated workpapers explaining how all refunds have been lawfully made pursuant to this Order and consistent with this Order. The report shall also document the status of unclaimed refunds. The disposition of unclaimed refunds will be determined by future order of the Commission.

(7) The tariffed rates of Verizon South for the years of 1995 through 2000 are no longer interim and shall be subject to no additional refunds other than to further distribute any unclaimed refunds ordered herein.

(8) Verizon South shall bear all costs of the refund directed in this Order.

(9) This matter shall be continued to receive the report required by Paragraph No. (6) and for further orders of the Commission.